

Message Text

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PAGE 01 CAIRO 04987 231741Z
ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 EB-08 EUR-12 NSC-05
CIAE-00 /053 W

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R 231630Z MAR 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 3090
INFO AMEMBASSY AMMAN
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY ABU DHABI
AMEMBASSY BONN
AMEMBASSY DOHA
AMEMBASSY TEHRAN
AMEMBASSY TOKYO

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EO 11652: NA
TAGS: EINV, ETRD, EG
SUBJ: US-FIRM PROJECTS TO BE APPROVED BY INVESTMENT AUTHORITY

REF CAIRO 4887 (NOTAL),

1. SUMMARY: DEP CHAIRMAN OF INVESTMENT AUTHORITY HAS TOLD
EMBOFFS THAT, AS PRELUDE TO SADAT VISIT TO US AND EUROPE,
ABOUT 80 PENDING INVESTMENT PROPOSALS WILL BE APPROVED MARCH 27.
AMONG THESE ARE SEVERAL NOTEWORTHY ONES PUT FORWARD BY US
FIRMS: FORD, COCA COLA, XEROX, COLGATE-PALMOLIVE (ALL WITH
BOYCOTT PROBLEMS), AND GOODYEAR. IN VIEW OF FACT THAT DETAILS
OF MANY OF THESE PROPOSALS REMAIN TO BE WORKED OUT, THERE IS
SOME DOUBT ABOUT MEANINGFULNESS OF GOE "APPROVAL". END
SUMMARY

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2. IN DISCUSSION MARCH 22, DEP CHAIRMAN OF GOE INVESTMENT AU-
THORITY ABDEL RAZZAK ABDEL MEGUID, TOLD ECONCONS AND COMATT
THAT ABOUT 80 PENDING INVESTMENT PROPOSALS WOULD BE "APPROVED"
AT BOARD MEETING TO BE HELD MARCH 27. ANNOUNCEMENT OF APPROVALS
WOULD BE DESIGNED TO PROVIDE CONCRETE EVIDENCE, ON EVE OF
PRES SADAT'S VISIT TO US AND EUROPE, THAT EGYPT'S "OPEN DOOR"

POLICY WAS A REALITY. PROPOSALS TO BE APPROVED, MEGUID SAID, WOULD INCLUDE THOSE PUT FORWARD BY FORD, COCA COLA, XEROX AND COLGATE-PALMOLIVE (ALL OF WHICH HAVE HAD DIFFICULTIES RELATED TO THE ARAB BOYCOTT), AS WELL AS THE LONG-DELAYED GOODYEAR TRUCK TIRE PROJECT.

3. WHEN PRESSED ON QUESTION OF PRECISELY WHAT WAS BEING APPROVED, MEGUID ACKNOWLEDGED THAT MOST OF THESE PROPOSALS HAD TECHNICAL ASPECTS THAT HAD NOT YET BEEN RESOLVED, INCLUDING THE PERENIAL PROBLEM OF FOREIGN EXCHANGE. "APPROVAL", THEREFORE, WAS IN EFFECT CONDITIONAL UPON THW RORKING OUT OF A FINAL AGREEMENT ACCEPTABLE TO ALL PARTIES INVOLVED. MEGUID NEVER-THELESS THOUGHT INVESTMENT AUTHORITY APPROVAL, HOWEVER, QUALIFIED, WOULD BE A SIGNIFICANT STEP FORWARD.

4. TURNING TO GOODYEAR PROPOSAL, MEGUID SAID HE FELT IT WAS NOT COMPETITIVE WITH THAT OF MICHELIN, SINCE THE TWO COMPANIES PROPOSED TO PRODUCE DIFFERENT KINDS OF TIRES. THERE WAS THEREFORE NO REASON WHY BOTH PROJECTS COULD NOT BE APPROVED.

6. PERHAPS MOST INTERSTING ASPECT OF MEGUID'S REMARKS HAD TO DO WITH PROSPECT OF GOE "APPROVAL" OF PROPOSALS BY FIRMS WHICH HAVE HAD DIFFICULTIES RELATED TO ARAB BOYCOTT. MEGUID EXPRESSED CONFIDENCE THAT IF FIRMS MADE PROPOSALS WHICH WERE SUFFICIENTLY BENEFICIAL FOR THE COUNTRY, THERE WOULD BE NO SERIOUS PROBLEM WITH BOYCOTT OFFICE IN DAMASCUS. HE WAS READY TO RESIGN (HE DID NOT SAY WHAT EFFECT HE EXPECTED SUCH AN ACTION TO HAVE) IF OBJECTIONS WERE RAISED TO INVESTMENT AUTHORITY SANCTION OF SUCH PROJECTS.

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7. COMMENT: MEGUID PRIDES HIMSELF ON BEING ENERGETIC, FORCEFUL AND DECISIVE. WHILE THESE QUALITIES ARE DECIDED IMPROVEMENT OVER DELAY AND INDECIVENESS USUALLY ASSOCIATED WITH HIS PREDECESSOR, MEGUID DOES HAVE TENDENCY TO GET "CARRIED AWAY", AND SOME CAUTION IS IN ORDER IN ASSESSNG THE CLAIMS AND COMMENTS HE MAKES. WITH RESPECT TO MOST FIRMS WITH INVESTMENT PROPOSALS NOW PENDING, MERE "APPROVAL" BY AUTHORITY WILL BE MEANINGLESS WITHOUT FULL ACCORD BETWEEN ALL PARTIES CONCERNED ON THE PRECISE TERMS OF AN INVESTMENT AGREEMENT. WITHOUT THIS, IF THE AUTHORITY TAKES ACTION ON MARCH 27 AS PREDICTED BY MEGUID, THERE WILL SIMPLY BE AN ADDITION MADE TO THE EXISTING LIST OF SEVERAL HUNDRED PROPOSALS WHICH HAVE BEEN "APPROVED", BUT ARE GOING NOWHERE.

8. POTENTIALLY MORE SIGNIFICANT WOULD BE PUBLIC "APPROVAL" BY GOE OF INVESTMENT PROPOSAL BY BOYCOTTED FIRM, EVEN IF DETAILS REMAINED TO BE WORKED OUT OR IF PROJECT WERE UNLIKELY TO COME TO FRUITION. IT IS PROBLE, HOWEVER, THAT ANY ANNOUNCEMENT

RELATING TO BOYCOTT ASPECTS OF PROPOSALS BY SUCH FIRMS
WILL BE MADE IN MOST UNDRAMATIC FASHION POSSIBLE AND WILL BE
PHRASED IN WAY WHICH DOES NOT SUGGEST GOE IS GETTING TOO FAR
OUT AHEAD OF BOYCOTT OFFICE. AS PREVIOUSLY REPORTED, THERE HAVE
ALREADY BEEN PRESS ACCOUNTS OF GOE DISCUSSIONS WITH FORD ABOUT
AN INVESTMENT PROPOSAL WITHOUT, SO FAR AS WE ARE AWARE, PRO-
VOKING MUCH OF A REACTION EITHER LOCALLY OR FROM BOYCOTT OFFICES
ELSEWHERE.
MATTHEWS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, BUSINESS FIRMS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Handling Restrictions: n/a
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